

Message Text

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PAGE 01 MEXICO 10980 270058Z

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FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 7017

INFO AMCONSUL HERMOSILLO

UNCLAS MEXICO 10980

E.O. 11652: N/A

TAGS: EMIN BENC MX

SUBJ: MAJOR PROJECT: MEXICANA DE COBRE COPPER PROJECT.

REF: STATE 211362

1. THE LA CARIDAD COPPER MINE AT NACCOZARI I A \$300 MILLION PROJECT WITH 56 PERCENT PRIVATE MEXICAN INVESTORS AND 44 PERCENT GOM PARTICIPATION. IN EARLY 1974, ASARCO SOLD ITS SHARES. PROJECT IS FUNDED BY A \$150 MILLION FOREIGN BANK SYNDICATION, A \$50 MILLION SUPPLIER CREDIT FROM EX-IM BANK OF JAPAN, AND \$30 MILLION IN ADVANCE SALES TO THE FUJIKAWA CO. MEXICANA DE COBRE IS SEEKING A \$70 MILLION CREDIT FROM U.S. EXIMBANK BUT THIS HAS NOT BEEN FINALIZED. \$300 MILLION WILL COVER CONSTRUCTION OF THE MINE ONLY; AND ADDITIONAL \$625 MILLION WILL BE NEEDED FOR THE SMELTER AND REFINERY.

2. THE RALPH M. PARSON COMPANY CONDUCTED THE FEASIBILITY STUDY IN 1971. THAT COMPANY ALSO WAS AWARDED A \$480 MILLION CONTRACT FOR THE DESIGN AND CONSTRUCTION OF THE CRUSHER AND CONCENTRATION PLANT IN OCTOBER 1974. MEXICANA HAS ALREADY PURCHASED \$155 MILLION WORTH OF CRANES, FRONT END LOADERS, TRUCKS, TRACTORS, AND OTHER EQUIPMENT AND EXPECTS TO BUY AND ADDITIONAL \$138 MILLION BY THE END OF 1977. 99 PERCENT OF THESE PURCHASES WILL BE FROM U.S. SUPPLIERS.

3. GOM HAS ASSIGNED HIGH PRIORITY TO THIS PROJECT AND
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PAGE 02 MEXICO 10980 270058Z

HAS USED ITS OWN CREDIT WORTHINESS TO FACILITATE INTER-

NATIONAL BORROWINGS. MANAGEMENT REMAINS IN THE HANDS OF PRIVATE SECTOR ENGINEERS HOWEVER. KEY DECISION-MAKERS ARE ING. JORGE LARREA ORTEGA, WHO ALSO HEADS INDUSTRIAL MINERA MEXICANA, AND ING. BERNARDO PACHECO, ADMINISTRATIVE DIRECTOR.

4. CURRENT PLANS CALL FOR THE PRODUCTION OF 225 THOUSAND MT OF ELECTROLITIC COPPER PER YEAR, 2000 MT OF MOLIBDENUM SULFIDE WITH 53 PERCENT METALIC CONTENT, 50 MT OF SILVER, AND 450 THOUSAND MT OF SULFURIC ACID, BY AUGUST 1978.

5. EMBASSY SEES LITTLE OR NO OPPORTUNITY FOR PROVISION OF ENGINEERING SERVICES EXCEPT AS A SUBCONTRACTOR TO RALPH M. PARSONS. MINOFF WILL ENQUIRE FURTHER WHEN HE NEXT CALLS ON ING. PACHECO.

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Message Attributes

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